



## Olympia 2010: Session Report

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Spring 2010

Dear Friends and Neighbors,

When I reported to you in January that the “short, 60-day 2010 legislative session” was underway, I certainly did not expect that those 60 short days would actually turn into 89 long days and longer nights. I did know, though, and you likely did as well, that this would be a difficult session. Washington’s economy, like those of other states, our nation and countries around the world, was and is reeling from the effects of the worst downturn since the Great Depression.

Most families and businesses, as well as governments at every level, are affected to one degree or another, and even those who are so far unscathed are feeling the fear that their time is coming. I hope that they are wrong, and that recovery is on the way for those who have lost income, jobs, businesses and even homes. It can’t come quickly enough, I know, but we are seeing encouraging signs, here in Washington and in other parts of the country.

Much of our effort in Olympia during our 89 days was devoted to trying to rebuild Washington’s economy, create jobs in the private sector, and salvage enough of our society’s infrastructure that we would not end up inadvertently prolonging the problems we face. Some citizens are cheering every one of those efforts, and others are condemning most everything the Legislature did. This doesn’t come as a surprise.

I’m realistic enough to know that not every action we took was the best one; we’re simply people doing the best we can, and none of us approaches perfection. But I strongly disagree with those who feel we should have done nothing but slash and burn at such a crucial time. As I wrote in my last newsletter, this isn’t just a budget crisis we’re dealing with. It’s a human crisis. It’s easy to look at a number on a page and say it’s too high, or that it shouldn’t exist at all. The job of anyone elected to any position is to never forget that behind every one of those numbers is a person, or many people, or a small business hoping to grow larger. This is just as true of taxes as it is of spending.

At the end of our 89 days, I believe, we produced a budget that is both responsible and fair, and that will not please everyone. I see flaws in it that I wish weren’t there, just as you will. We cut \$4.40 in state spending for every dollar that will be raised by the taxes contained in the revenue package. The effects of some of those budget cuts haunt me, and at the same time I wasn’t a vocal cheerleader for the tax package, either.

The size of this newsletter is limited by state law, I’m afraid, so there isn’t nearly enough room to either defend or criticize everything that came out of the 2010 Legislature. I’ll hit a few highlights, and I hope that during the coming months I’ll be able to meet personally with as many of you as possible, whether you’re a friend or a critic, or both. This was a difficult session, but those are the times that test us, and I can’t tell you how proud and grateful I was to realize what a great privilege and great responsibility you have given me.

Sincerely,

Sherry

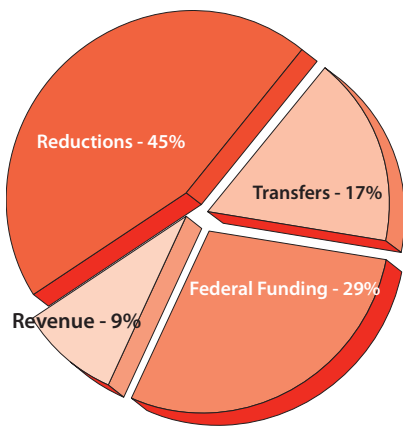
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## Budget/Revenue

As I said in my opening letter, my opinion is that this year's completely rewritten state budget is responsible and fair and imperfect, and as a long-time resident of the 23rd district who has had the privilege of meeting many, many of my neighbors over the years, I also believe it reflects the values of our district, to the extent possible. We tightened the state's belt more than any Legislature in the state's history, dealing with nearly \$12 billion in lost revenue since 2008 – more than \$8 billion in the current biennium – and we postponed consideration of any sort of tax increase at least a year longer than two-thirds of the other states in the U.S., including states where Republican majorities call all the shots.

### ***Here is how we managed to deal with this biennium's record revenue shortfall.***



You'll notice that the smallest slice of this pie, by far, is revenue. That slice includes every one of the targeted, relatively modest, and largely discretionary taxes that we passed, including some that will only affect out-of-state entities that have for

many years been getting an essentially free ride while Washington citizens took up the slack.

As for the rest of the taxes, let me start by acknowledging that no one is overjoyed by the news that their taxes – any of them – might go up. We all work hard for our money, most of us don't feel we have nearly enough, and the idea of anyone taking any of it rankles. But I also feel that Oliver Wendell Holmes, former Justice of the United States Supreme Court, was correct when he said, "Taxes are what we pay for a civilized society." I'm not sure any two people will agree precisely on what "a civilized society" is, but we each have a picture of it in our minds.

So every legislator has to ask him or herself, how much is just enough, in this situation, for these purposes, and who will pay . . . and why? In this case, the Legislature reluctantly voted to approve a package of 19 taxes, most of them small and, as I mentioned, many of them avoidable by the average citizen.

Three significant ones – an increase of three-tenths of one percent in the Business & Occupation tax paid by professional services such as lawyers and accountants; a 50-cent-per-gallon tax on major beers brewed outside of Washington but sold in-state; and a tax of two cents on a 12-ounce soft drink – are all temporary, and will expire at the end of June 2013. The soft-drink tax doesn't kick in until bottlers have produced at least \$10 million in annual sales, as a way to soften or completely eliminate the blow for relatively small, Washington-based producers.

Beyond these three, the remaining taxes are very tightly targeted – a B&O tax on the salaries paid to corporate boards of directors; repealing a tax exemption on distressed-home purchases that was originally intended to benefit individual homebuyers but in reality turned out to be a boon only for banks – or avoidable if one chooses not to engage in certain discretionary purchases, such as bottled water or cigarettes.

The bottled-water sales tax, by the way, simply reinstates what was historically in place until 2003. And the tobacco tax — to my friends who are smokers, I'm sorry. I know you feel beleaguered. And I can only hope that so many people will quit smoking that the proceeds from this tax will peter out to nothing. The benefits to taxpayers throughout the state would be huge, because you and I and our business owners would no longer have to pay for the enormous health-care bills and lost productivity that smoking creates.

These taxes, small as they are (just two and a half percent of the operating budget), will do much to provide basic public services that citizens demand. But even with the hoped-for tax proceeds, here is a list of budget items that will get less, thanks to the budget cuts that were made.

- K-12/Public Schools
- Higher Education
- Early Learning
- Health Care

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- Long-term Care, Developmentally Disabled, Mental Health
- Other Human Services
- Corrections and Criminal Justice
- Natural Resources
- All Others, including Debt Service



I didn't like cutting any of these services, but we had to. I didn't want to raise anyone's taxes, but again, there really was no realistic choice. You may be asked to approve or reject some or all of these taxes next November, and I'm prohibited from using this newsletter to urge you to vote one way or the other. I can and will say this, however: Please think hard about each of the taxes, how each one might really affect your life or your finances. And please give the same amount of thought to what the quality of life in our state might be like if further cuts were made in some or all of the services listed above.

## Bright spots and victories

### Adult day health services rescued

One of the most troubling aspects of last year's all-cuts budget was the impact it had on funding for adult day health services in Washington. If you're not familiar with the invaluable service provided by adult day health, I suppose it's because neither you nor a loved one has ever needed these services, and that's wonderful. But for the thousands throughout Washington who do, the failure to restore at least a portion of the eliminated funding would have been catastrophic. I sponsored a successful amendment to this year's supplemental operating budget that restored

adult day health service for hundreds of our chronically ill elders who had lost their professional care – many of them here in Kitsap, where we're fortunate to have an outstanding adult day health system.

## Digital mammography

One of the things I'm proudest of, and most grateful for, in the 2010 session was having worked successfully for the restoration of nearly \$600,000 to fund digital mammography for low-income and uninsured women in Washington. Breast cancer takes far too many of our mothers, wives, sisters and daughters every year, many of whom could have been saved by early detection. This budget item, like so many others, is an investment that will pay for its relatively small cost many, many times over.

## Family planning

Here is another example of the state spending money to save even more money as a result. I worked closely with the chair of the House Ways & Means Committee to find a way to restore \$3 million in family planning funding that had been eliminated in 2009. It was difficult in a year when we ultimately reduced state outlays by hundreds of millions of dollars, but this was important enough to families throughout the state for me to keep fighting. We made it.

## Increased buying power for colleges and universities

I'll admit that my House Bill 2858 is the kind of legislation that can easily be overlooked, especially in a political climate dominated by headline issues like budget cuts and potential tax hikes. The bill, which Gov. Gregoire signed into law on March 15, allows Washington's public colleges and universities to pool their substantial buying power to secure better deals when purchasing materials. A school like Olympic College is crucial to the people and the economy of Kitsap County, but it simply doesn't have the clout with suppliers that a UW or a WSU does. Thanks to this bill, they will from now on. What Olympic or some other small school saves because of the economy of scale allowed by this bill, they'll be able to put to good use: to say yes to another applicant, to offer some other service to students. The state's higher education coordinating board estimates this will save our schools as much as \$1 million a year.

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## No ferry surcharge

The Department of Transportation was intent on imposing a fuel surcharge on ferry riders that would have gone

into effect on May 1 of this year. I understood their rationale but not their conclusion. I'm happy to report that we derailed the surcharge for this year at least.

In other ferry news, the Legislature enacted several reforms this session designed to bring more transparency and efficiency to the ferry system's operations, ranging from the way salary contracts are negotiated and arbitrated to a thorough review of Washington State Ferries' management.

## Carpenter Creek

For nearly a decade, the state and federal governments have been involved in a project to restore the Carpenter Creek estuary, a 30-acre piece of prime salmon habitat near Kingston. Thanks to a nearly \$3 million line item in this year's capital budget, it looks like the project will finally come to fruition. By building fish-friendly bridges to replace a pair of undersized culverts that have been starving the estuary of normal tidewaters, we hope to increase our region's populations of wild salmon, improve fishing opportunities and bring tourism dollars to our economy.



## Frances Haddon Morgan Center: Saved!

There is one final victory I want to mention, and it is significant: The Frances Haddon Morgan Center in Bremerton, a residential facility that is currently home to nearly 60 severely autistic individuals, was targeted for closure by the state Senate's budget. Closing this facility, which has been a community asset for nearly 40 years, would have saved, at most, a million dollars a year. I realize that a million dollars isn't pocket change, and we should carefully scrutinize every dime of taxpayers' money that we spend. But this was the wrong place and the wrong time to make this cut. I and several of my House colleagues stood firm against closing the center, and we prevailed in the final budget.

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